

PSRS for your Benefit

Active Members | JUNE 2020

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

Like our Members, PSRS/PEERS
is Strong, through the Pandemic
and Beyond

Investment Update: COVID-19,
the Economy, the Markets and
PSRS/PEERS

Contact Us

PO Box 268
3210 W. Truman Blvd.
Jefferson City, MO
65102-0268
Call Toll Free (800) 392-6848
or (573) 634-5290

Email
psrspeers@psrspeers.org

Web
www.psrs-peers.org



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SYSTEM OF MISSOURI

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Like our Members, PSRS/PEERS is Strong, through the Pandemic and Beyond

Many of the things we take for granted changed when the coronavirus pandemic necessitated social distancing and stay-at-home orders for much of the world. It has been a challenging time for all of us. To meet those challenges, PSRS/PEERS put into place our previously existing and well-thought-out business continuity and disaster planning tools, and used them to successfully continue to provide all services to our members – active and retired alike – with no interruptions or major changes.

In the same way that our public schools and educators continued to provide educational opportunities for students via online and electronic means while at home, PSRS/PEERS management and staff worked from home to seamlessly provide all services via phone, email, chat and the web. Seminars were converted to webinars; in-office meetings to phone or web counseling.

“Over the years we planned and put in place the processes we would need to continue to provide excellent service and maintain our successful investment program, even in times of disaster. We had no idea we would put these plans into practice so soon, but I am pleased that the extensive work we did served us, and our members, well.”

M. Steve Yoakum, PSRS/PEERS Executive Director

That being said, the seamless continuation of member and employer service and the performance of our investment program could not have happened without

the understanding and flexibility of our members and partner employers during this less-than-perfect situation. “We are grateful for your understanding and willingness to work with us in potentially new ways to ensure that we could provide for all your needs timely and accurately,” Yoakum added.

We sincerely appreciate our members' dedication to the students of the state during this most unusual of school years. We want you to know that even during times when we can't meet with you in person, things at PSRS/PEERS will be business as usual, and you can contact us with any questions or needs you may have. You need not worry about the security of your retirement funds or future benefits.

You can find more information on pages 4 and 5 about the impact of the coronavirus pandemic on the investment markets, and how our dedicated team of investment professionals are weathering the economic impacts of the coronavirus pandemic using a conservative approach that ensures the best outcome for the funding of PSRS/PEERS and your benefits.



Investment Update: COVID-19, the Economy, the Markets and PSRS/PEERS

PSRs and PEERS have weathered many challenging investment environments in the last 75 years, including the stock market crash of 1987, the bursting of the dot-com bubble in the early 2000s, the 9/11 attacks in 2001 and the Global Financial Crisis (GFC) in 2007 and 2008. However, as we move further into the coronavirus pandemic, it is evident that this event is different. This is a health crisis causing an economic crisis which may lead to a financial crisis. As the pandemic continues to unfold, the PSRS/PEERS investment staff is actively managing the investment portfolio and is in communication with market participants to evaluate potential developments.

COVID-19

The priority of the U.S. federal government and most local authorities has been to address the health crisis (COVID-19) before attempting to repair the economic damage. The result has been positive movement in the fight against the coronavirus. While a great deal remains unknown about the nature and duration of the pandemic, it is evident that social distancing is working. We should soon pass the peak caseload of infections which will mean fewer hospitalizations and fewer deaths than originally projected. Alternatively, the procedures that have

been utilized to slow the pandemic have stopped the economy. As such, the shift in the discussion at both the federal and local levels is how to re-open the economy without furthering the spread of the virus.

Economy

By most measures, the global economy is in the worst shape since World War II. Both supply and demand have experienced dramatic contractions as many Americans were quarantined at home and were not spending (outside of groceries and video streaming services). The most direct result of the economic crisis is that over 40 million people have now filed for unemployment benefits since the coronavirus started shutting down large portions of everyday life at the beginning of March. The unemployment rate reached 14.7% in the month of April, the highest since the Great Depression of the 1930s.

The United States is entering a recession. Bankruptcies have occurred and will continue to happen. Growth in the economy has slowed dramatically and unemployment will continue to be an issue. The length and depth of the recession will almost certainly rest on how soon the economy is re-opened. That dilemma is being discussed throughout the United States. The back-to-work plans have begun

Continued from page 4

in many states in the absence of an effective anti-viral or the promise of a vaccine. As such, government officials are trying to strike a balance between public safety and economic necessities. For example, a new normal has ensued, much as it did post 9/11 with enhanced security procedures. The post-pandemic, new normal includes better procedures for cleaning, routine temperature taking, wearing masks in public and social distancing in offices. This most likely will result in an elongated economic recovery rather than a quicker (“V-shaped”) one.

Investment Markets

The U.S. stock market (S&P 500) was down almost 34% this calendar year through March 23, 2020, with non-U.S. stocks down even more. The investment markets improved significantly, beginning in the last week of March, after the Federal Reserve announced plans to inject \$2 trillion into the markets and Congress passed an additional \$2 trillion economic rescue package. The announcements, along with some initial positive news on COVID-19, induced a market rally in April and May that helped the S&P 500 reclaim almost two-thirds of its previous losses.

Most recently, stocks have settled into a trading range with both up and down movement on a daily basis. It appears that the Federal Reserve and Congress will continue to inject funds into the economy as the Senate passed an additional coronavirus-related economic stabilization bill totaling \$484 billion on April 21, 2020. We expect the market volatility to continue as we move forward in a time of great uncertainty. Many aspects of the virus are still unknown (its progression, testing, vaccines, etc.). Likewise, the ultimate success of the dramatic monetary and fiscal stimulus policy responses is still unclear. However, one thing that is certain is the coming avalanche of negative economic news. Markets have yet to fully digest the near certainty of lower corporate earnings, higher debt, more bankruptcies and an incomplete re-opening of the U.S. economy.

PSRS/PEERS is a Long-Term Investor

The Systems’ focus on investing in a diversified manner while maintaining sufficient liquidity has been rewarded in the current volatile market environment. The current unaudited fiscal year-to-date (July 1, 2019 through May 31, 2020) investment return for PSRS/PEERS is positive (approximately +1.8%). Most importantly, the total plan return of 8.6% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption) and the total plan policy benchmark return of 8.1%. Our primary mission remains investing the Systems’ assets in a manner to earn the 7.5% actuarial assumed rate of return over a long-time horizon. To that end, we will continue to deploy assets in attractive investment opportunities.

10-Year Investment Results Period Ending 5/31/20

PSRS/PEERS Investment Return.....	8.6%
PSRS/PEERS Actuarial Assumption.....	7.5%
Benchmark Return ¹	8.1%

We want to emphasize to our members that your PSRS/PEERS benefit is secure. PSRS/PEERS is a long-term investor and can withstand market volatility. The Board and professional staff are committed to managing the Systems’ assets in a prudent manner that will ensure the viability of your pension.

The market value of invested assets for PSRS and PEERS combined were approximately \$44.7 billion on May 31, 2020, making the joint entity larger than all other public retirement plans in Missouri combined, and the 45th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psrs-peers.org.

¹The plan policy benchmark is a standard to measure investment performance and indicates the return of the PSRS/PEERS asset allocation if passive market rates of return were achieved.

Unusual Missouri Legislative Session Ends with Little Impact on PSRS/PEERS

The General Assembly wrapped up the coronavirus-shortened 2020 legislative session on May 15. It was a busy session for PSRS/PEERS, as the Systems tracked over 290 bills, almost double the usual number, with 2,247 total bills introduced and 51 bills passed by both chambers and awaiting action from the governor.

Due to COVID-19, lawmakers were on recess for a few weeks mid-session as the state implemented social distancing. Upon their April 24 return, the focus was on passing a balanced budget amid economic changes regarding COVID-19. The General Assembly completed their constitutional duty of writing and passing a balanced budget to fund the core function of government. The budget was completed by the deadline of May 8. Missouri grants the governor the power of line item veto on appropriation bills only. The governor has the ability to reject individual line items without vetoing the entire bill.

After the budget was complete, the General Assembly focused on other legislative issues that were still pending from earlier in the year. Due to a shortened session, the General Assembly began legislating by omnibus bill. Omnibus bills are legislation that might have one similar topic, such as political subdivisions, but contain many different and diverse provisions including retirement issues. These normally start out as very simple bills and end up covering multiple topics and containing more than 100 pages.

This year, there were only two bills that passed that directly impact the internal operations of the Systems and about five bills that passed that have a tangential impact to the Systems. None of the bills that have been truly agreed to and finally passed impact PSRS/PEERS benefits or memberships.

Governor Parson has until July 14, 2020 to sign or veto bills, or the bills become law without signature. Unless otherwise indicated in the bill text, the effective date of most legislation is August 28, 2020.



Thank you Aaron and Yvonne: Zalis and Heath Retiring, Leaving PSRS/PEERS Board of Trustees

Dr. Aaron Zalis and Yvonne Heath, two long-standing elected members of the PSRS/PEERS Board of Trustees, will retire and step down from the Board effective July 1, 2020.

Zalis, superintendent of Rolla Public Schools, has been a trustee since 2008 and has served as chair for the majority of his time on the Board.

Heath, a special educator at Republic R-II Schools, has served three terms on the Board of Trustees, and was also first elected to the Board in 2008.

Both have made many valuable contributions to the Systems and membership during their Board tenure through their dedication of time, expertise, understanding and effort.

“Aaron and Yvonne have been dedicated trustees, contributing immensely of their time, knowledge and



Dr. Aaron Zalis

Yvonne Heath

compassion to the successful operation of the Retirement Systems,” said PSRS/PEERS Executive Director M. Steve Yoakum. “We are grateful to have had the pleasure of working with them and wish them only the best in their retirement.”

PSRS/PEERS Welcomes Melinda Moss and Kyle Collins to Board of Trustees

PSRS/PEERS congratulates Dr. Melinda Moss and Dr. Kyle Collins on their recent election to the Board of Trustees. Both are active PSRS members who will serve four-year terms as Trustees effective July 1, 2020 through June 30, 2024.

These seats are currently held by Dr. Aaron Zalis and Yvonne Heath, whose terms end June 30, 2020. Both Zalis and Heath will retire and leave the Board.

Dr. Melinda Moss has 27 years of educational experience. She is currently the superintendent of the Joplin School District. Dr. Moss graduated from the University of Arkansas with a degree in finance and banking. She received her special education coursework and master’s in guidance and counseling from Missouri State University. Her doctorate is in educational leadership from Saint Louis University.

Dr. Kyle Collins has over 22 years of educational experience. He is currently the superintendent of the Brookfield R-III School District. Dr. Collins holds a Bachelor of Science degree in government and a master’s in secondary administration from Northwest

Missouri State University, as well as a doctorate in educational leadership and policy analysis from the University of Missouri-Columbia.



Dr. Melinda Moss

Dr. Kyle Collins

“Our thanks to all of the members who participated in this election, as well as to all those who ran as candidates,” said PSRS/PEERS Executive Director Steve Yoakum. “We are fortunate that our membership remains so interested in the effective operation of our Board and leadership our trustees provide for the Retirement Systems.” He added, “We are pleased to welcome Dr. Moss and Dr. Collins and appreciate their willingness to dedicate their time and knowledge to the administration of the Systems. We look forward to working with them.”

The Value of Retirement Counseling from PSRS

Planning for your retirement can be a big task. There are personal, emotional and financial considerations and many decisions to make.

At PSRS, we offer several different options for getting easy to understand, personal counseling about your PSRS benefits, and filing for retirement, and everything you need to help you be prepared when your big day arrives.

Webinars on various retirement-related topics are provided free of charge. **Pre-Retirement Planning Webinars** are geared to members who are within five years of retirement, but all members are welcome to attend. These webinars provide an in-depth review of information to know when preparing to retire, including how and when to file paperwork.

In addition to webinars focused on pre-retirement planning, we will also periodically offer webinars on the following topics:

- Ready, Set, RETIRE! – Detailed information for members who are retiring soon – what you need to do during your final year before retirement
- Show Me the Numbers – A review of the PSRS *Benefit Estimate* and how to request one, as well as an explanation of all the plan options
- Navigating Through your Service Purchase – Explores all aspects of purchasing service
- Mid-Career – Reviews what’s important for members in the beginning to middle of their careers
- A New Chapter: Life After Retirement – Provides helpful information for benefit recipients

Our Member Education staff is working to develop even more webinar topics, and will promote them via email, our website and social media.

To see a list of upcoming webinars and register, visit www.psrs-peers.org and view “Upcoming Events” on the right side of the screen.

Individual Web Counseling Sessions are available to all members who would like to meet one-on-one with a retirement counselor virtually. You can speak with a counselor and share documents during the web-based session. You can connect by computer, laptop or phone with a high-speed internet connection. A web cam is not required. Registered members will receive an email to connect to the Web Counseling Session and may be asked to download temporary software. You can make an appointment by logging in to Web Member Services or by calling (800) 392-6848.

Individual Phone Counseling Sessions are available to members who want a designated time to speak to a counselor by phone on the topic of your choice. You can make an appointment by logging in to Web Member Services, or by calling (800) 392-6848.

real talk

Real Talk

A 15- to 20-minute webinar that addresses hot topics frequently inquired about by members, with an opportunity to ask your own questions.

Why Consider Purchasing Service?

Do any of these describe you?

- You were previously a PSRS or PEERS member and took a refund of your contributions and interest when your past membership ended.
- You took unpaid maternity or paternity leave.
- You were on unpaid sick leave during the past two school years.
- You previously worked at a school that was not covered by PSRS.

- You worked in a job that was covered by Social Security.
- You have previously served in active military duty.

If so, then you may be eligible to purchase service.

All members are eligible to purchase some type of service before retirement. This is an important consideration, because the amount of service you have on record with PSRS is one of the factors used to determine your benefit eligibility and benefit amount.

How Purchasing Service Can Increase Your Benefit

Benefit Factor		Final Average Salary (Monthly)		Years of Service on Record with PSRS		Lifetime Monthly Single Life Benefit
2.5%	X	\$4,250	X	25	=	\$2,656
2.5%	X	\$4,250	X	26	=	\$2,763

In this example, the purchase of one year of service increases the lifetime monthly benefit amount by \$107 per month, or \$1,284 per year.

Purchase one year of service

How Purchasing Service Can Help You Retire Sooner

If you are near retirement, you may be able to purchase service and get closer to, or even reach retirement eligibility. This is because a certain number of years of service are part of the requirements for retirement eligibility, no matter if you want to retire early or with full benefits.

For example, if you want to retire with normal, or full, retirement benefits you must reach any one of these criteria:

- Age 60 with at least five years of service
- Any age with at least 30 years of service
- The sum of your age plus your years of service equals 80 or more (Rule of 80)

Timing Can Impact Your Cost

A service purchase can be quite expensive. We recommend that you view it as an investment in your retirement. You should weigh the purchase cost against all potential benefits the additional service can provide.

For many service purchases, the cost is based, in part, on your highest annual salary on record. The higher your highest annual salary on record with PSRS, the more your purchase will cost. For that reason, it may make sense to purchase service earlier in your career, before your salary increases.

July 1 Retirees: Make Sure Attending Summer Activities Doesn't Jeopardize Your Retirement

Because of COVID-19 and social distancing requirements, some school districts are considering holding graduation ceremonies (or other similar traditional school events) in July, or having summer school in July. July is the month that July 1 retirees must remain separated from covered service in order to properly terminate employment at retirement and be eligible to retire.

Here is some information to help determine what you may attend without jeopardizing your July 1 retirement.

Graduation and Other School Events Are OK, if You Know the Rules

July 1 retirees may participate in July graduation ceremonies (or other similar traditional school events) and still satisfy the termination requirement for a one-month separation of service as long as:

- You are not **required** to participate, and
- You receive **no compensation** for participating.

Compensation includes not only funds paid in accordance with your employer's reported payroll, but also any other form of payment, including but not limited to:

- Cash
- Gift cards
- Gift certificates
- Any other cash equivalent item
- Anything of value not offered to all other attendees of the graduation

A plaque or other similar item presented to you by your employer is not considered compensation, if its receipt is not dependent upon your participation in the ceremony or event.

Working July Summer School Will Cause You to Lose Benefits

The termination requirement to have a separation period of one month from your PSRS retirement date prevents July 1 retirees from working summer school that is held in July. If a July retiree does so, he or she will not have properly terminated employment and will lose at least one month's worth of retirement benefits.

Requirements for Proper Termination of Employment at Retirement

The IRS requires members to provide a clear separation of service between the end of pre-retirement employment and the start of post-retirement work for covered employers. PSRS requires that you have a separation period of one month from your PSRS retirement date.

To properly terminate pre-retirement employment, you must:

- End all employment with all PSRS-covered employers prior to your PSRS retirement date.
- Not return to work for a PSRS-covered employer in any capacity for a period of one month after your PSRS retirement date.
- Not enter into any agreement, written or unwritten, for future employment at a PSRS-covered employer in any capacity until after receiving your first PSRS retirement benefit. This includes any type of early retirement incentive or separation agreement that requires you to work in any capacity after retirement in return for salary (including health insurance benefits).

If you violate these rules, your employment is not considered terminated and you are not eligible to retire and receive benefits. Therefore, you are not eligible to work at a covered employer as a retiree. In addition, you are required to repay any benefits received while ineligible and may be required to pay contributions on your salary until you properly terminate your employment.

Use Web Member Services for Convenient Access to Membership and Benefit Information

It is easy to get information about your membership, beneficiary designations and future benefits, using PSRS Web Member Services at www.psrs-peers.org. Register for access using the Member Log In link at the top right corner of the screen.

- Set up your communications preferences to let us know what information you would prefer to receive electronically rather than on paper.
- Use the benefit estimator to estimate your future service retirement benefits and see the dates you will be eligible for early and normal (full) benefits.
- See a summary of your service on record with PSRS.

- View a year-by-year history of your service and salaries with each covered employer.
- Check your current beneficiary designation with PSRS. Please be sure to make any necessary updates to your beneficiary designation to ensure benefits are paid according to your wishes.
- Get information about any open service purchases, and any amounts due.
- Access your current and archived **Member Statements**.
- Apply for service retirement online.

Did You Know? PSRS Also Provides Disability Benefits.

As a PSRS member, you have the peace of mind of knowing that after a full career of service you can receive lifetime monthly service retirement benefits when eligible. But what you may not know is that PSRS also provides monthly disability benefits for members who qualify.

Financial Protection for Members Who Become Disabled

If you become permanently disabled and unable to earn a livelihood in any occupation, you may be eligible for PSRS disability benefits. The cause of your disability does not have to be work-related.

Disability benefit recipients must be under age 60 with at least five years of PSRS-covered employment and have ended all PSRS-covered employment.

Medical and Income Information Requirements

When you file your **Disability Retirement Application**, we also request medical records, and will contact your physicians to determine your eligibility.

If we need additional information, we may request an independent examination, paid for by PSRS.

Once approved, you must provide annual documentation to certify that you remain medically eligible and to verify that your income has not exceeded the disability benefit income limit.

Disability Benefit Amounts

Like PSRS service retirement benefits, disability benefits are paid monthly for life, as long as you remain eligible and provide approved annual medical and income documentation. Disability benefit amounts are not based on the amount you have contributed to PSRS.

If you think you may be eligible, please contact us to request a **Disability Retirement Application** packet. You will receive a benefit estimate with your packet.





PUBLIC SCHOOL RETIREMENT
SYSTEM OF MISSOURI

PO BOX 268 JEFFERSON CITY MO 65102-0268

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Have a Quick Question About Your Membership or Benefits? Let's Chat!



The live chat feature on our website, **www.psrs-peers.org** has been enhanced so that you can now chat securely with a retirement counselor about your personal membership and

benefit information. To do so, you must first log in to your Web Member Services account and then request a chat using the LiveChat icon you will see on your screen.

LiveChat is available on our website Monday through Friday from 7:30 a.m. to 5 p.m.

